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RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC
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E.O. 12958: DECL: 3/2/2017
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SUBJECT: UPDATE ON REINADO STANDOFF AND SECURITY SITUATION

REF: DILI 078

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CLASSIFIED BY: Stanley Harsha, Charge d'Affaires, U.S. Embassy
Dili, Department of State.
REASON: 1.4 (a), (b), (d)

¶1. (S/NF) Summary: At day's end March 2, there had been no significant change to the situation on the ground in Same, where dissident military leader Alfredo Reinado remains surrounded by Australian Defense Force (ADF) soldiers. ADF reinforcements have arrived in East Timor, but there are indications that ADF action against Reinado could be delayed somewhat to allow discussions between Reinado and the Prosecutor General to run their course. In contrast to the optimism expressed to us March 1 by International Stabilization Force (ISF) Commander Brigadier Malcom Rerden, Australian analysts attached to the ISF expressed greater concern regarding possible backlash, particularly in the western districts, if forceful action is taken against Reinado. In addition to the loyalty of his close supporters, there are strong indications that more mainstream opposition elements also continue to sympathize with him. Meanwhile, the East Timorese armed forces (F-FDTL) leaders met March 2 to discuss how to intensify the process of dialogue with the military petitioners in order to reduce the chances of more of them joining Reinado. The international community continues to watch the situation closely in terms of its security implications. Following Australia's slight security status upgrade yesterday, sources at the UN today reported that they are making preparations to go to their next level if needed. A minor stone throwing injury suffered by an ADF soldier today, while not out of the ordinary, may impact Australian thinking on these issues. End summary.

Reinado standoff status

¶2. (S) At day's end, there has been no significant change to the situation on the ground in Same. Dissident military leader

Alfredo Reinado remained there, with about 40 of his men, surrounded by Australian Defense Force (ADF) soldiers. Three C-130s arrived in Dili last night transporting what we assume to be one ADF infantry company group. Based on information relayed by ADF sources yesterday, they will be based in Dili to compensate for the infantry company from Dili that is currently engaged in Same. ADF Special Operations Forces elements have also arrived, according to the Australian Embassy Charge d'Affaires (CDA), and are making preparations for direct action upon Reinado's redoubt.

13. (C/NF) According to the Australian CDA, Prosecutor General Longinhos Monteiro traveled to Same the morning of March 2, where he spoke to Reinado by telephone and then returned to Dili to brief Prime Minister Jose Ramos-Horta. He then flew back to Same the same afternoon and spoke directly to Reinado for two hours in an open area in full view of the ADF forces, before returning to Dili. Reinado returned to his house. The Australians have not heard the results of the talks but Ramos-Horta is to discuss the situation tomorrow morning with other GOET officials and the ADF will take their cue on next actions from that meeting. (Note: Australian Ambassador Margaret Twomey today departed East Timor and is due back on Monday, March 5. We do not know the reason for her departure but speculate that she will be in Canberra to discuss the situation.)

Australian analysts worried about backlash

14. (S/NF) In contrast to the optimism expressed to us yesterday by International Stabilization Force (ISF) Commander Brigadier Malcom Rerden, Australian analysts attached to the ADF expressed greater concern regarding possible backlash. They raised questions about how the population in the western districts will respond to the outcome of the Reinado standoff, and were uncertain as to whether national or international security institutions in country will be able to manage "what comes

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next." At a minimum they believe there will be demonstrations, but at this time it cannot be ascertained who the target will be. They indicated that the population in western Timor could express anger towards the leadership of East Timor, including President Xanana Gusmao, concluding that it was the national leadership which gave the ISF permission to launch its operation. They also stated that the military petitioners were "on the fence with their feet dangling on the Reinado side" regarding the possibility of joining Reinado, but believe they lack weapons and would likely not be much of a threat. They also confirmed that there was a letter presented to the Australian Embassy earlier this week signed by gang leaders in many of the local area internally displaced person (IDP) camps and leaders of martial arts groups (MAGs). The letter reportedly stated that all IDP camps and MAGs are seeking the expulsion of all Australians from East Timor, and that they will engage in disruptive activities in order to achieve that end.

Indications that pro-Reinado sentiment is mainstream

15. (C) As noted in reftel, the National Unity Movement for Justice (MUNJ) is squarely behind Reinado and, in fact, are essentially in lock step with his arguments. In addition, there are strong indications that more mainstream opposition elements continue to sympathize with him. In a conversation today with Emboff, opposition Democratic Party (PD) Secretary General Mariano Sabino characterized Reinado as primarily a victim rather than an agent of the crisis and someone whose primary goal has been to secure justice. He cited as a double standard the concept of going after Reinado for "weapons transfer" issues in light of the actions of Fretilin and others during the crisis. He particularly referred to the "Railos" group in Liquica, which former Minister of Interior Rogerio Lobato is accused of arming, also with weapons taken from the border patrol unit (BPU). While he does not agree with Reinado's

recent actions, he questioned the President's prerogative to declare the February 25 weapons seizure illegal and order arrest, noting that this is the function of a law enforcement investigation and the Prosecutor General, not of the head of state. Overall, his assessment is that a forceful ADF action vis-a-vis Reinado has the potential to produce a serious backlash. The fact that this view is coming from one of the more intelligent and thoughtful members of the opposition is of note.

F-FDTL leadership discusses the petitioner issue

¶16. (C/NF) East Timorese armed forces (F-FDTL) leaders met on March 2 at Hera Port Naval Base to discuss ways to intensify the process of dialogue with the military petitioners, in keeping with the recommendations of the Commission of Notables. F-FDTL Commander, Brigadier General Taur Matan Ruak, stated to CDA and US Defense Representative in a March 2 meeting that it was important to initiate immediate dialogue with the petitioners in order to mitigate the likelihood that they will go over to the pro-Reinado side. He, like ISF Commander Rerden, also seemed to downplay concerns for "what comes next" following the conclusion of the Reinado episode. He stated that F-FDTL knows who the potential agitators are, that these individuals are being "pressured" to keep things under control, and that he has shared this information with the ISF. In addition, Ruak said he told the ISF about all of the key terrain throughout the Same region that should be of tactical interest to their planners, and that now all relevant sites are occupied by ISF elements. Lastly, he emphasized that President Xanana Gusmao's resolve remains strong and steadfast.

Injury to ADF soldier may impact Australian calculations

¶17. (C) An ADF soldier was injured this afternoon as a result of being hit in the eye with a rock thrown by an East Timorese youth in the Dili suburb of Bebonuk, about one kilometer west of Embassy-Dili. It is believed that this incident occurred in

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conjunction with an altercation between ISF elements and youth gangs at a rice warehouse. In and of itself, this is not an event of major significance; similar attacks against ISF soldiers have occurred previously in the gang fighting context. However, in light of the fact that it comes in the midst of a period in which anti-Australian sentiment appears to be on the rise, incidents such as this may have a greater impact on Australian thinking about security issues.

UN and Australia security alert status

¶18. (SBU) Australian Embassy yesterday upgraded their security status to level 5 "light". Normally level 5 would involve the evacuation of non-essential staff and dependents; however, the Australian Embassy is not evacuating anyone at this time. The UN has also upgraded their security status without actually going to the next level. They remain at level 2, but are making preparations for the possibility of going to level 3. The UN's level 3 would require evacuation of dependents and UN volunteers. (Note: a UN volunteer evacuation could have significant impact on election preparations as a large number of electoral assistance in the districts is being provided by UNVs.) The US Embassy sent out a warden message last night updating security advice to American citizens in light of the situation in Same and the potential for anti-Australian sentiment to escalate and be indiscriminate regarding foreigners. We are currently awaiting confirmation of the posting of a new Travel Warning from Consular Affairs.

HARSHA